

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Maine Public Utilities Commission,)	Docket No. EL07-38-000
Complainant,)	
)	
v.)	
)	
ISO New England Inc.)	
Respondent.)	

**JOINT STATUS REPORT REGARDING AMENDED COMPLAINT
OF
THE MAINE PUBLIC UTILITIES COMMISSION AND
ISO NEW ENGLAND INC.**

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) July 30, 2008 Notice of Extension of Time, the Maine Public Utilities Commission (“MPUC”) and ISO New England Inc. (“ISO-NE”) respectfully request that the Commission continue to hold in abeyance the Amended Complaint filed in the above-captioned proceeding, including the answers to the Amended Complaint until October 3, 2008.

On July 17, 2008, the MPUC and ISO-NE filed a Joint Status Report with respect to the Amended Complaint submitted by the MPUC on September 17, 2007 (“July 17 Joint Status Report”). In the Amended Complaint, the MPUC petitioned the Commission for an order (1) finding Schedule 2 of ISO-NE’s OATT unjust and unreasonable; and (2) directing ISO-NE to modify Schedule 2 of its OATT in certain respects.¹ The first modification the MPUC requested in the Amended Complaint is implementation of the Reliability Region Cost Allocation methodology for the Cost of Energy Produced (“PC”) component of the rate under Schedule 2 of the ISO-NE Open

¹ Amended Complaint at 2.

Access Transmission Tariff (the “Cost Allocation Issue”).² The second modification MPUC requested in the Complaint is to replace the current and proposed capital cost (“CC”) component of the Schedule 2 rate with the CC Rate Deadband Proposal as a remedy for the double recovery which the MPUC argued arises from the combination of the Schedule 2 CC rate payments and the payments made in accordance with the Forward Capacity Market (“FCM”) Settlement in Docket No. ER03-563-060 (the “Double Recovery Issue”). With respect to the Double Recovery Issue, on February 28, 2007, the Commission issued an order stating:

The Commission agrees with ISO-NE that transition payments do not compensate resources for their reactive power capabilities since they are below the cost of new entry; however the Commission is concerned that double recovery can occur during the first FCA since the payments equal the cost of new entry. The ISO commits to proposing, for implementation prior to the first FCA commitment year, Tariff provisions to ensure that Resources eligible for CC payments under Schedule 2 for providing reactive supply and voltage control do not receive double compensation. Accordingly, the Commission will require ISO-NE to implement, prior to the commencement of the first FCA commitment year beginning June 1, 2010, tariff provisions to ensure that resources eligible for CC payments under Schedule 2 that provide reactive supply and voltage control do not receive double compensation.³

In pertinent part, the July 17 Joint Status Report requested that, as to the Double Recovery Issue in the Amended Complaint, the Commission hold the Complaint in abeyance until September 26, 2008, at which time either parties’ answers to the Double Recovery Issue in the Amended Complaint would be due to be filed, or the MPUC and ISO-NE would submit a status report to the Commission. The MPUC and ISO-NE

² The ISO-NE OATT is Section II of the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (the “Tariff”). Capitalized terms not defined herein have the meanings ascribed thereto in the Tariff.

³ *ISO New England Inc.*, 118 FERC ¶ 61,163 at P 30 (2007), *reh’g pending* (“February 28 Order”).

requested the additional time to allow ISO-NE to engage in further discussions with stakeholders and state regulators on this issue.

On July 30, 2008, the Commission issued its Notice of Extension of Time, granting the MPUC's and ISO-NE's request and, in pertinent part, setting September 26, 2008, as the date by which answers to the Double Recovery Issue in the MPUC's Amended Complaint would be due.

While ISO-NE engaged in discussions with stakeholders and state regulators on the Double Recovery Issue and on the steps to address the Commission's February 28 Order, ISO-NE and MPUC recently determined that they would not be able to reach a resolution of the Double Recovery Issue. The MPUC and ISO-NE, however, request that the Commission continue to hold the instant Complaint proceeding in abeyance until **October 3, 2008**, at which time parties' answers to the Double Recovery Issue in the Amended Complaint will be due to be filed. The MPUC and ISO-NE request this additional time to allow all parties including regulators and stakeholders to prepare answers to the Complaint.

Wherefore, for the foregoing reasons, the MPUC and ISO-NE jointly request that the Commission continue to hold in abeyance the Complaint filed in the above-captioned proceeding, including the answer by ISO-NE, in the manner specified above.

Dated: September 23, 2008

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding either by U.S. Mail or electronic service, as appropriate. Dated at Washington, D.C., this 23rd day of September, 2008.

/s/ Harry A. Dupre
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